

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Audit and Corporate Governance Committee held on  
Thursday, 22 March 2018 at 10.00 a.m.

**PRESENT:** Councillor Andrew Fraser – Chairman

**Councillors:** John Batchelor  
Roger Hall  
Ray Manning  
John Williams

Christopher Cross  
Douglas de Lacey  
Tony Orgee

**Officers:** Patrick Adams  
Alex Colyer  
Tracey Flack  
Rory McKenna  
Caroline Ryba

Senior Democratic Services Officer  
Executive Director  
Principle Accountant  
Principal Lawyer & Deputy Monitoring Officer  
Head of Finance

**Auditors:** Kay McClennon  
Suresh Patel  
Jonathan Tully

Ernst & Young  
Ernst & Young  
Head of Shared Internal Audit

### **1. APOLOGIES FOR ABSENCE**

Apologies for Absence were received from Councillors Grenville Chamberlain and Graham Cone. Councillor Ray Manning acted as a substitute for Councillor Chamberlain.

### **2. DECLARATIONS OF INTEREST**

Councillor Andrew Fraser declared a non-pecuniary interest as a non-executive Director of Ermine Street Housing Limited.

### **3. MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting held on 26 January 2018, were agreed as a correct record.

### **4. INTERNAL AUDIT QUARTERLY REPORTS**

Jonathan Tully, Head of Shared Internal Audit, presented this report, which advised on the work of Internal Audit from October 2017 to March 2018. It was understood that the Internal Audit team had a vacancy and were in the process of recruiting.

#### **Project Management – Benefits Realisation**

Jonathan Tully explained he was unconcerned with the limited assurance following the inaugural review, as Management had accepted the findings and agreed to initiate improvements.

The Committee **NOTED** the report.

### **5. INTERNAL AUDIT PLAN 2018/19**

Jonathan Tully, Head of Shared Internal Audit, introduced this report on the draft Internal Audit Annual Plan for 2018/19.

**Delivering the Plan**

It was noted that the Plan and its schedule will be reviewed throughout 2018/19. Jonathan Tully explained that temporary staff would be employed whilst the current full-time vacancy was being filled. Work would have to be prioritised, as potential reviews exceeded the number of planned 249 audit days. The Executive Director explained that the Committee were being invited to decide whether the Plan, which had been agreed with officers, set the right priorities. It was noted that the Executive Director met with the Head of Shared of Internal Audit monthly, to discuss the delivery of the Internal Audit Plan.

**Anti-fraud and corruption**

Jonathan Tully explained that Internal Audit ensured that procedures were in place to prevent fraud. Reviews were carried out impartially.

**Gifts and Hospitality review**

Jonathan Tully confirmed that 8 audit days had been allocated to the Gifts and Hospitality audit based on the previous review. There was some flexibility regarding the allocation of days to the Plan's reviews.

It was noted that there were a number of external factors guiding the work of Internal Audit, including CIPFA's guidelines and the Nolan principles.

The Committee

**APPROVED**

- A) The draft Audit Plan and Strategy; and
- B) The supporting Charter and the Code of Ethics.

**6. EXTERNAL AUDIT PLAN 2017/18**

The Chairman welcomed External Auditor Kay McClennon to her first meeting. Suresh Patel introduced the Plan, which detailed the way in which External Audit planned to carry out its Audit for 2017/18 in accordance with the relevant laws and guidance.

**Minor amendment**

It was noted that the word "not" should be added to last sentence in the penultimate paragraph on page 49 regarding the risk that the Council faced in preparing its accounts within the more stringent deadlines.

It was suggested that it was unnecessary to produce reports in colour as this cost more to produce. However, it was also suggested that the colour in the report aided presentation.

**Challenges**

It was noted that Accountancy were facing a number of challenges including

- The introduction of a new Financial Management System.
- The introduction of a new Asset register.
- Staff turnover.

It was noted that the Council needed to ensure that it had proper arrangements in place to secure value for money in the use of its resources.

**Project plan**

Suresh Patel reported that the Council had drawn up a detailed project plan for the

preparation of the final accounts. This had been reviewed by EY and a number of amendments were agreed as a result. He further added that EY's own plan for auditing the accounts had been drawn up in accordance with this plan. It was noted that EY had a schedule for carrying out their reviews and whilst this authority was to be reviewed at the end of this schedule, this work would not be delayed by other authorities being unable to meet their deadlines.

#### **Timetable**

Concern was expressed that the planned testing, which was due to take place in March, had not yet been completed. Suresh Patel and Kay McClennon outlined some of the areas where the Council had yet to provide information, including the control account reconciliations. Kay stated that External Audit would review the timetable every week. The Committee agreed that Suresh Patel should liaise with the Chairman on any future slippage on the planned timetable and EY would provide an update by the end of April.

It was noted that the value of housing assets had delayed the signing off of the 2016/17 accounts. Suresh Patel explained that the purpose of having an agreed timetable this year was to prevent any avoidable delays. The Executive Director explained that the discrepancy regarding the value of the authority's housing assets had been resolved.

The Committee **NOTED** the External Audit Plan for 2017/18.

### **7. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING**

Suresh Patel presented this briefing, which covered issues that could have an impact on the Council and the Local Government sector in general. He brought the Committee's attention to the six key questions on page 94 of the agenda, which all Local Council Audit Committees should consider.

The Committee **NOTED** the Briefing.

### **8. MATTERS OF TOPICAL INTEREST**

#### **Regulation of Investigatory Powers Act (RIPA)**

The Principal Lawyer – Governance and Deputy Monitoring Officer explained that the Council had not used its RIPA powers in the last quarter and so no formal report had been submitted to the Committee.

### **9. DATE OF NEXT MEETING**

The Committee **AGREED** the following meeting dates:

- Thursday 7 June 2018 (Workshop) at 9:30am
- Tuesday 31 July 2018 at 9:30am
- Tuesday 25 September 2018 at 9:30am
- Tuesday 20 November 2018 at 9:30am
- Tuesday 26 March 2019 at 9:30am

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**The Meeting ended at 11.00 a.m.**

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